

EXECUTIVE COMMITTEE MEETING NO. 5

Monday, 21 May 1962 - 3:00 p.m.

1. Lengthy discussion concerning the Bureau of the Budget request for projections of the Agency's new obligational authority and expenditures for the next five fiscal years took many twists. Although there was agreement that, in all probability, funds would continue to become available for high-priority special projects, several members raised the red flag of caution in our long-range projections--specifically, increase of personnel from a current level of about [redacted] and, an estimate of [redacted] for a new building at headquarters.

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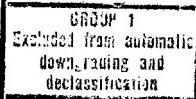
Mr. McCone declared a policy of "hold the line" on fiscal year 1963 figures. Mr. McCone granted Dr. Scoville a hunting license for seeking additional funds in the Department of Defense to ease the pain of some of his expensive, joint, special projects. It was also agreed to stabilize 1963 figures at [redacted] before seeking any increase. If necessary, a readjustment of present programs will be made to meet priorities. Mr. Bross was directed to consult the Director of the Bureau of the Budget on the Agency's delay in meeting the May 1 deadline for Agency requirements.

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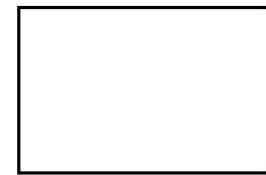
2. Dr. Scoville presented a brief status report on OXCART.

3. The Committee approved a recommendation by Mr. Kirkpatrick that the Tuesday morning staff meetings will be held bi-weekly in the future and shall be enlarged to include office chiefs.

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4. The Committee approved a recommendation by Mr. Kirkpatrick dissolving the Career Council and the Supergrade Board and calling for the Executive Committee to assume these responsibilities. The Director of Personnel shall establish an advisory committee to prepare recommendations formerly presented to the Agency Career Council on personnel policies, nominations for senior service schools and similar personnel actions; he shall be invited to participate in Executive Committee meetings on occasions when personnel matters are to be discussed. The Director of Personnel and the same or similar advisory committee shall present recommendations to the Executive Committee for approval of promotions to supergrades and allocations of slots of supergrades.



Executive Secretary

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A G E N D A
for
EXECUTIVE COMMITTEE MEETING
21 May 1962 - 3:00 p.m.

Item No. 1: Progress Report - Dr. Scoville

Item No. 2: Five-year Projected Budget - Mr. Gross
(See attached papers - Tab A)

Item No. 3: Executive Committee and Staff Meetings -
Mr. Kirkpatrick

Item No. 4: The Career Council and the Supergrade Board
(See attached statement - Tab B)

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EXECUTIVE OFFICE OF THE PRESIDENT

Bureau of the Budget
Washington 25, D. C.

April 8, 1962

Honorable John A. McCone
Director of Central Intelligence
Washington 25, D. C.

Dear Mr. McCone:

Last year an effort was made to prepare the 1963 Budget within a framework of longer-range budget projections. The President has now approved a plan for the preparation of the 1964 Budget which marks a further step in this direction. As was the case last year, there will be two major phases in the process of preparing the next budget:

First, a spring program review phase, concentrating on the major long-term issues, as far as they can now be foreseen, which will affect Government programs and budgets through the fiscal year 1967. Against this background the President expects to establish, about July 1st, general guidelines and planning figures for preparing the 1964 Budget. As was the case last year, there is no intention during this phase of reaching firm budget decisions or negotiating over detailed figures.

Second, a summer and fall period of preparing and reviewing the detailed budget estimates for the fiscal year 1964. During this phase the budget projections through 1967 will continue to be used as background, but the intention during this phase, in contrast to the spring phase, is to concentrate on short-run specific decisions concerning the 1964 budget, rather than on long-term issues affecting the level and trend of activities over the five-year period.

In connection with the spring phase, we would appreciate receiving, no later than May 1, a brief statement of the major goals and objectives which you are proposing for the programs of your agency, and the major changes and developments which you can now foresee in those programs, for the fiscal years 1963 through 1967 (or farther ahead, if you are so prepared). Our principal interest is in program goals and changes that you expect will have a significant impact on the budget, whether based on existing legislation or on new legislation. We suggest that the statement be organized by major program elements, whether or not these conform closely to organizational lines or appropriation titles. Our staff will suggest for your consideration a list of program elements which we hope will provide a simplified and useful basis for the structure of your submission and of our later discussions. We hope you will include quantitative indicators

of workload wherever possible, and request that the effect of proposed new legislation be separately identified.

In addition, you are also invited to submit by May 1 projections of new obligational authority and expenditures for each of the fiscal years concerned, following the same elements or categories used for your narrative statements, in such a way that the two can be easily related. If in any case you do not wish to submit budget projections, please advise our staff as soon as possible, but not later than April 16, as we shall have to undertake to develop projections for any programs for which none are submitted.

For preparing program statements and budget projections, we suggest using the following assumptions (note that these are not forecasts): (a) that the current economic recovery will continue, with relatively full employment (i.e., 4% unemployed) reached during the calendar year 1963; (b) that full employment will then continue through the projected period; (c) that domestic prices--on the average--will remain generally at their present levels; and (d) that international tensions and our international objectives will not change substantially. These are of course assumptions and not forecasts; they are simply intended to provide a uniform basis for the consideration of program and budget projections.

Because we want to make forward budget planning a continuous process, our staff will discuss with your appropriate officials, within the next few days, our general reactions to the projections for fiscal years 1964 through 1966 which were submitted with your 1963 budget estimates, and the estimated effects of the 1963 budget decisions on those projections. In most cases it will be helpful to identify, this spring, the major differences between the revised forward projections which we will furnish to your staff and the new projections developed by your agency, and we will appreciate it if such a comparison is included as part of your submission.

After receipt and review of your statements and budget projections, we expect to discuss them with you before the complete budget outlook is laid before the President in June.

We regard these proposed steps in the budget process as part of the continuing effort which the President expects all of us to make to improve the competence of the Government's forward planning. We know that each large department and agency has actions under way to improve its facilities and techniques for developing goals, policies, plans, and programs, extending forward generally for five years, or more as appropriate. We continue to stand ready to help in any way we can, either with respect to the budget process itself or the broader process of forward planning and programming.

Sincerely yours,

/s/ David E. Bell
Director

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Mr. David E. Bell
 Director, Bureau of the Budget
 Washington 25, D.C.

Dear Mr. Bell:

In response to your letter of April 6, 1962 this Agency has reviewed its requirements for the period FY 1963 through FY 1967. This review was undertaken in concert with development of the FY 1963 Operating Budget and takes into consideration specific suggestions made by staff members of the International Division of the Bureau of the Budget in their elaboration upon your April 6th letter.

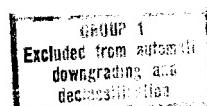
I am attaching herewith answers to specific questions presented by the Bureau of the Budget staff as well as a five-year quantitative projection, by major program elements, of the Central Intelligence Agency's financial requirements. These program projections assume that the Agency's mission to coordinate, collect, analyse, and produce timely intelligence and to undertake covert action programs in support of the United States foreign policy objectives will remain unchanged. The projections also assume that major power relationships in the world will not change substantially during the next five years and that the expansionist ideologies and other pressures emanating from the Sino-Soviet bloc will continue at approximately current level. Possible new special situations, comparable to those in the Congo today, which would require emergency efforts and substantial funds are not reflected. However, the Agency Reserve levels are projected to provide flexibility for meeting such contingencies.

From the standpoint of budget impact the apparent sharp upward trend in the Agency's over-all figure is caused primarily by the inclusion in the CIA Budget beginning in FY 1963 of large sums for programs of R&D, technical collection and exploitation which were budgeted heretofore largely by the Department of Defense. There is also a substantial amount included for [redacted] through FY 1964 and funds for a new building.

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In summary the general increases are as follows:

- A. Increases in programs of covert and overt collection and in the build-up of production capabilities are foreseen.

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- B. Research and Development costs for technical collection systems will be slightly decreased with the fruition of systems now programmed. However, planned new follow-on systems and operations costs for present and anticipated technical collection capabilities offset to a large degree the Research and Development decreases. Also over-all R&D decreases are offset somewhat by a contemplated upward trend in R&D activity in support of agent penetrations.
- C. Increases will be required in covert action and counter insurgency programs of the Agency in which political, propaganda, and paramilitary assets are heavily involved.
- D. Certain program wide activities reflect proportionate increases with related covert collection, covert action, and intelligence production programs of the Agency. However, a good number of the additional program wide costs are nonrecurring and are considered as capital investment; e.g., Automatic Data Processing equipment, communication equipment in support of [redacted] 25X1 aircraft, etc.
- E. With some slight exception in the Agency's executive direction, coordination and control, the percentage of overhead costs to total budget will remain relatively the same over the period.

Because of the sensitive nature of many of the Agency programs, I have restricted the detail accompanying this submission. However, should more specific elaboration be desired, I have directed Mr. Bross, the CIA Comptroller, to meet with representatives of the Bureau of the Budget as appropriate.

Faithfully yours,

Marshall S. Carter
Lieutenant General, USA
Deputy Director

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**COMPARISON OF EXECUTIVE ORDER AND SUPER GRADES WITH TOTAL POSITIONS
MAJOR DEPARTMENTS AND INDEPENDENT AGENCIES
FISCAL YEAR 1963 BUDGET ESTIMATE**

<u>Department or Agency</u>	<u>Total Permanent Positions</u>	<u>Executive Order Positions</u>	<u>Super Grade Positions</u>
Bureau of the Budget	465	5	47
Office of Emergency Planning	1,650	5	34
Department of Agriculture	82,234	14	132
Department of Commerce	31,079	14	112
Army	381,559	7	199 1/
Navy	338,740	7	182 2/
Air Force	307,726	9	178 3/
Department of Defense	43,044	45	248 4/
Department of Interior	59,036	18	71
Department of Justice	33,434	30	171
Department of Labor	8,507	9	63
Department of State	23,267	15	759 5/
Treasury Department	81,455	14	248
Atomic Energy Commission	7,375	27	190
Federal Aviation Agency	48,779	18	100
General Services Administration	34,482	3	64
Housing and Home Finance Agency	15,258	1	61
Veterans Administration	21,639	4	54
National Aeronautics and Space Admin. 3/	26,273	61	380 6/
Civil Aeronautics Board	947	5	24
Civil Service Commission	4,100	4	27
Federal Communications Commission	1,554	7	16
Federal Power Commission	1,178	5	17
Federal Trade Commission	1,272	5	12
General Accounting Office	5,058	3	25
Interstate Commerce Commission	2,542	1	25
National Labor Relations Board	2,064	6	25
United States Information Agency 4/	12,393	2	128 7/
	16,404	1	24

1/ Includes 92 Super Grades and 10% of Equivalent Salary.

2/ Includes 71 Super Grades and 11% of Equivalent Salary.

3/ Includes 83 Super Grades and 9% of Equivalent Salary.

4/ Includes 190 Super Grades and 5% of Equivalent Salary.

5/ Includes 46 Super Grades and 713 Foreign Service Grades of Equivalent Salary.

6/ Includes 5 Super Grades and 375 Positions of Equivalent Salary.

7/ Includes 41 Super Grades and 87 Foreign Service Grades of Equivalent Salary.

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The Career Council and the Supergrade Board

The CIA Career Council as presently constituted is composed of the Deputy Directors, the Inspector General and the Directors of Personnel, Communications and Training. With the exception of the latter three, all of the above are members of the Executive Committee. In broad general terms the work of the Agency Career Council has been to pass on personnel policy, and approve nominations for senior service schools, etc. The Supergrade Board is composed of the Deputy Directors and the Inspector General and has been the vehicle for approving promotions of supergrades, allocation of slots of supergrades, etc.

It would seem appropriate to dissolve both of the above bodies and allow the Executive Committee to assume these responsibilities. The Director of Personnel could be invited to participate on those occasions when personnel matters were discussed.

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